

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEAE-00

OMB-01 SWF-02 DRC-01 /194 W
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R 111125Z JUN 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 9827

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 0951

E.O. 11652: GDS

TAGS: EAGR, ETRD, XL, GY

SUBJECT: GOG AND PRODUCERS' REACTIONS TO DEFEAT OF U.S. SUGAR ACT.

REF: STATE 118987

1. LOCAL PRESS JUNE 7 HEADLINED SUGAR ACT DEFEAT AND REPORTED REUTERS RELEASE CITING BACKGROUND OF ACT, FACT THAT WEST INDIES HAS OR WILL SUPPLY SOME 40 PERCENT OF THE US FCFS SHIPMENTS THIS YEAR, AND TARGET PRICING CONCEPT. REPORTAGE WAS STRAIGHT FORWARD WITHOUT EVIDENCE OF ANTI-US ATTACKS. IN FACT, MAJOR MOTIVE FOR DEFEAT WAS NOT MENTIONED, I.E., ISSUE OF US DOMESTIC PRODUCERS. PRESS TREATMENT TODAY(JUNE 10) CONTINUES MODERATE TONE.

2. ONE GOG OFFICIAL NOTED PRIVATELY HIS AND OTHERS' CONCERN ABOUT POSSIBLE RETALIATION AGAINST WEST INDIES SUGAR, BECAUSE OF RECENT JAMAICAN ACTIONS AGAINST US BAUXITE COMPANIES. GIVEN THE
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DEVIL THEORY MENTALITY OF MANY OFFICIALS HERE, THIS WAS EXPECTED,

ESPECIALLY IN VIEW OF REMARKS ATTRIBUTED TO MEMBERS OF U.S. CONGRESS AND REPORTED TO GUYANA SUGAR PRODUCERS BY THEIR WASHINGTON LOBBYIST. EVEN THOUGH PROBABLY AWARE THAT US ACTION SPECIFICALLY AGAINST JAMAICAN SUGAR IS UNLIKELY, GOG IS SOMEWHAT FEARFUL BECAUSE IT WOULD BE PRESSED AS A CARICOM MEMBER TO CONTINUE SUPPORT JAMAICA EVEN AT EXPENSE OF POSSIBLE LOSS OF US MARKET FOR ITS SUGAR.

3. PERHAPS MORE IMPORTANT POTENTIALLY DIVISIVE RESULT IS POSSIBILITY OF INFIGHTING AMONG WEST INDIAN PRODUCERS FOR US FREE MARKET. WITH WEST INDIES SUGAR ASSOCIATION(WISA) SERIOUSLY WEAKENED, AND GIVEN SIGNIFICANT ELEMENT OF DISTRUST BETWEEN GUYANA AND JAMAICAN GOVERNMENTS ON SUGAR ISSUES, NEXT YEAR COULD SEE A FREE-FOR-ALL IN THE REGION MORE PRONOUNCED THAN THAT WHICH OCCURRED RECENTLY OVER THE FIRST-COME, FIRST-SERVED ALLOCATION. ADD TO THIS THE UNCERTAINTY PREVAILING OVER THE UK-EEC MARKET FOR WEST INDIAN SUGAR AND THE RESULT COULD BE A SEVERELY DISORDERED WI SUGAR MARKET.

4. ON MORE POSITIVE NOTE, LOCAL SUGAR PRODUCERS HAVE BEEN FEEDING PRESS MODERATELY-WORDED STATEMENTS WHICH HELPFUL IN SAVING OFF RANCOROUS OUTBURSTS SUCH AS OCCURRED LAST YEAR WHEN WEST INDIES QUOTA WAS CUT. CURIOUSLY, PPP PRESS (MIRROR) PUBLISHED ARTICLE ON SUGAR ACT DEFEAT TREATING US FAVORABLY. SUCH COMMENT FROM NORMALLY STRIDENT ANTI-US PAPER MAY BE SIMPLY REACTION AGAINST WHAT LITTLE CRITICISM GOG HAS SEEN FIT TO RELEASE. ALTHOUGH PM BURNHAM SOMEWHAT DISPARAGINGLY NOTED IN PUBLIC OVER WEEKEND THAT U.S. SUGAR MARKET IS NOT ALL-IMPORTANT FOR GUYANA, PREVAILING ATTITUDE IS ONE OF WAIT AND SEE. KREBS

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